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Letter No. 2278

Sept. 4, 1986

SOYBEANS -  
PRELIMINARY  
RATE

The U.S. Department of Agriculture on Aug. 29 issued a preliminary loan and purchase rate for 1986-crop soybeans of \$4.77 per bushel. The final 1986 soybean loan and purchase rate will be issued no later than Oct. 1. Soybeans are ineligible for any reserve program or farm storage payments. (A regulatory impact statement on the 1986 soybean program is available from: Director, Commodity Analysis Division, USDA-ASCS, Room 3741-S, P.O. Box 2415, Washington, D.C. 20013. Or call Robert Feist, 202/447-6789.)

EUROPEAN  
COMMUNITY  
WHEAT

In an apparent response to the Export Enhancement Program initiative for the Soviet Union, the European Community announced a program to make 850,000 tons of wheat available for export from Sept. through Dec., according to the U.S. Department of Agriculture. Any export sales from this block of wheat stocks would depend mainly upon competitive pricing, but if made, would likely displace U.S. wheat.

CHINA FROM  
CORN IMPORTER  
TO EXPORTER

China, previously a net corn importer, has become a major corn supplier in the past few years, with expected exports of about 5 million 500 thousand tons in 1985/86. According to the U.S. Department of Agriculture, China has changed to a major exporter because of a substantial increase in corn production in the northern provinces, the need to generate foreign exchange, and inadequate transportation links to large southern domestic markets. China exports mainly to the Soviet and Japan, and has clearly targeted these countries as primary markets for its surplus corn.

WHEAT EXPORT  
FORECAST

The U.S. Department of Agriculture wheat export forecast for 1986/87 was increased as of Aug. 12 from 29 million 900 thousand tons to 31 million 300 thousand tons, as a result of some projected increase in world import demand and increased competitiveness of U.S. wheat in world markets. During the 5-week period ending Aug. 21, U.S. wheat shipments were up about 40 pct. over the previous 5-week period and almost 30 pct. higher than last year's cumulative pace. New sales for the period were 2 million 900 thousand metric tons, an almost 4 pct. increase over the previous 5-week period.

MORE ACRES  
IN CONSERVATION  
RESERVE

The U.S. Department of Agriculture has accepted just over 5 million acres of highly erodible cropland into the Conservation reserve Program, according to Dep. Sec'y of Agriculture Peter Myers. Myers said, "We now have almost 9 million acres total from three signups. Our 5-year goal is to remove 40-45 million acres of highly erodible cropland from production for 10 years."

# WHEAT AT WORLD MARKET PRICES

U.S. wheat sales are being assisted by the Export Enhancement Program, and the largest new initiative so far is the one recently announced for the USSR. The U.S. Department of Agriculture recently announced that U.S. wheat would be made available to the Soviet at current world market prices in sufficient quantities to fulfill the terms of the U.S.-USSR Long Term Grain Agreement. The Soviets may buy up to 4 million tons of U.S. wheat by Sept. 30 under this offer. U.S. exporters will be given USDA generic certificates in sufficient quantity to make it possible for them to make U.S. prices competitive.

# WHEAT PRICES FAVORABLE FOR WHEAT EXPORTS

According to the U.S. Department of Agriculture, the outlook for wheat use is more favorable this season because of the lowest prices in 8 years. U.S. exports are expected to rise 25 pct. from 1985/86. The Export Enhancement Program and other credit programs will make U.S. wheat more competitive in world markets, likely raising total shipments to near 1 billion 150 million bushels. Lower wheat prices, induced by a drop in the loan rate from \$3.30 to \$2.40 a bushel, should also raise domestic use to slightly above 1985/86 volume. Nevertheless, total disappearance during 1986/87 may about equal 1986 production, again leaving large carryover stocks.

# WORLD WHEAT PRODUCTION SECOND LARGEST

The global wheat production for 1986 is forecast by the U.S. Department of Agriculture at 506 million tons, the second largest on record, despite smaller crops in the U.S. and USSR. China will remain the largest producer. Offsetting the large supplies is the prospect that use will reach a record 506 million tons, leaving global stocks about equal to 1985/86's record high. World trade is expected to rise, mainly reflecting larger imports by the USSR.

# LOWERED 1986 U.S. WHEAT CROP

Eighty-four percent of the wheat growers participated in the 1986 wheat acreage reduction program. This, combined with less-than-ideal weather in winter wheat areas, lowered the 1986 U.S. wheat harvest to a 6-year low of 2 billion 160 million bushels, 11 pct. less than in 1985. According to the U.S. Department of Agriculture, despite the smaller harvest, a record 4 billion 70 million bushels are available for the 1986/87 marketing year. Increased carryin stocks and the expected record Hard Red Spring crop will overshadow reduced hard Red Winter output, resulting in a bread wheat supply of 3 billion 30 million bushels, an all time high.

# CORN & SORGHUM EXPORT

The 1986/87 U.S. corn and sorghum export forecasts by the U.S. Department of Agriculture as of Aug. 12 remained unchanged from last month at 39 million 400 thousand tons for corn and 6 million 100 thousands tons for sorghum. The corn and sorghum estimates for 1985/86 also remained unchanged at 31 million 100 thousand tons for corn and 4 million 400 thousand tons for sorghum. Corn shipments for the 5-week period ending Aug. 21 were 8 pct. below the total of the previous 5-week period. Corn sales were 2 million 700 thousand metric tons, and still lag behind last year's cumulative pace by 35 pct.



FROM OUR  
TELEVISION  
SERVICE

U.S. WEATHER UPDATE...Weather patterns across the U.S. had their ups and downs this year. USDA chief meteorologist Dr. Norton Strommen offers the latest crop and weather update. DeBoria Janifer interviews. (266)

ETHANOL AND AGRICULTURE...A report on the impact of ethanol on the agricultural industry was recently produced by the U.S. Department of Agriculture. Gerald Grinnell with USDA's Office of Energy talks about this report and its findings. Vic Powell interviews. (267)

SOVIET AGRICULTURE...The slow growth and rapidly rising costs of production in Soviet agriculture during the 1970's prompted the USSR to establish, in 1982, a food program. USDA economist Robert Koopman examines this program. Vic Powell interviews. (268)

CALCIUM RESEARCH...Dr. Beth Dawson-Hughes, of USDA's Human Nutrition Research Center in Boston, talks about calcium in the diet, and the importance of maintaining a well balanced diet for health and fitness. Vic Powell interviews. (269)

FEED SAMPLING ON LIVESTOCK FARMS...A simple and inexpensive feed sampling program on livestock farms could be a good insurance policy against problems that often develop due to feed contamination. Val Beasley with the University of Illinois focuses on this problem. Gary Beaumont interviews. (270)

FROM OUR RADIO  
SERVICE

AGRICULTURE USA #1527...(Weekly 13½ min documentary) The U.S. wheat industry has been sick. To put it simply, there's too much wheat selling for low prices at home, and not selling much overseas. In this edition of Agriculture USA, Dave Carter talks with government and private analysts about how the wheat industry got into trouble, and how exports and acreage controls may make it healthy again.

AGRITAPE/FARM PROGRAM REPORT #1516...(Weekly reel of news features) USDA news highlights; U.S. farm trade deficit; The Soviet market.

CONSUMER TIME #1009...(Weekly reel of 2½-3 min features) Measuring body fat; Pet peeves of nutritionists; One man's meat???; Gardening the "bonsai" way; Is a home business for you.

USDA RADIO NEWS SERVICE...Tues, Sept. 16, Tobacco report, Weekly crop and weather; Wed, Sept. 17, Dairy report; Thurs, Sept. 18, Agricultural outlook report; Fri, Sept. 19, Sugar & sweetener and citrus fruits reports; Mon, Sept. 22, Vegetable, Hogs & pigs, Livestock slaughter reports. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

OFF MIKE

We had our offices painted last Friday. It was 10 years since the last painting. It may be another 10 years before the next...by choice. What a mess! A crew of movers arrived late Thursday and shoved (good word) everything into the center of each office (we have a three-office suite). The next morning the painters arrived. They were quite efficient and were finished by mid-afternoon. But the middle-of-the-rooms piles of furniture, word processors, printers, etc. remained until Tuesday. We rescued our coffee maker from out of the mess, so Friday was bearable...but barely. At least the walls look better ... Two new newsletters hit our desk this week, one brand new and one not (but we hadn't seen before). The brand new one is Gary Truitt's "The Bottom Line" for the Indiana Agri-Business Network out of Indianapolis. Earlier we had reported that Gary's new co-worker Holly Downing had won a ribeye cookout contest, and the newsletter confirmed it...with picture, no less. The other newsletter is "Sunrise," for the Morning Agriculture Report hosted by Brian Baxter and Wayne Jenkins, also out of Indianapolis ... We've been getting more and more inquiries about how to get USDA reports, news releases, etc., electronically. If you have a computer with a modem hooked into a telephone line, you can set yourself up. With your own electronic mailbox, you can exchange messages with other farm broadcasters with mailboxes, land grant universities, and USDA. And you can access USDA's radio service's daily listing of news stories available, news releases, crop reports, outlook and situation summaries, the White House news service, and other government agencies. For more information, contact Lizz Durante at 202-488-0550. She's the sales rep for Dialcom, Inc., which provides the computer time-share system. She can tell you costs factors, how to hook up, etc. When you get your electronic mailbox number, be sure to let us know.



JAMES L. JOHNSON, Chief, Radio and Television Division

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